

Message Text

UNCLASSIFIED

PAGE 01 STATE 055171
ORIGIN EB-08

INFO OCT-01 ARA-10 EUR-12 EA-09 IO-13 ISO-00 SIG-02 XMB-04
AID-05 CEA-01 CIAE-00 COME-00 FRB-01 INR-07 NEA-10
NSAE-00 USIA-15 OPIC-06 SP-02 TRSE-00 LAB-04 SIL-01
AGRE-00 OMB-01 DODE-00 H-02 INT-05 L-03 NSC-05 PA-02
SS-15 STR-04 ITC-01 PRS-01 FEA-01 /151 R

DRAFTED BY EB/OT/STA:WTDIROLL:MH
APPROVED BY EB/OT/STA:JSSPIRO
-----120238Z 003545 /72-70

P 112356Z MAR 77
FM SECSTATE WASHDC
TO AMEMBASSY TAIPEI PRIORITY
AMEMBASSY SEOUL PRIORITY
AMEMBASSY MEXICO PRIORITY
AMEMBASSY SAN JOSE PRIORITY
AMEMBASSY QUITO PRIORITY
AMEMBASSY SANTO DOMINGO PRIORITY
AMEMBASSY PARIS PRIORITY
INFO USMISSION GENEVA PRIORITY
USDEL MTN GENEVA PRIORITY
USMISSION EC BRUSSELS PRIORITY
USMISSION OECD PARIS PRIORITY

UNCLAS STATE 055171

E.O. 11652: N/A

TAGS: ETRD, TW, KR

SUBJECT: MUSHROOMS: PRESIDENT DETERMINES INCREASE IN
DUTY NOT IN NATIONAL ECONOMIC INTEREST

REF: STATE 310542, DECEMBER 1976

1. FOLLOWING IS TEXT OF PRESS RELEASE ISSUED BY THE
UNCLASSIFIED

UNCLASSIFIED

PAGE 02 STATE 055171

OFFICE OF THE SPECIAL REPRESENTATIVE FOR TRADE NEGOTIATIONS,
DATED MARCH 11, ANNOUNCING THE DISPOSITION OF THE U.S.
INTERNATIONAL TRADE COMMISSION (USITC) REPORT TO THE
PRESIDENT RECOMMENDING THE IMPOSITION OF A TARIFF RATE
QUOTA ON IMPORTS: BEGIN TEXT:

PRESIDENT CARTER HAS DECIDED, IN THE OVERALL NATIONAL

ECONOMIC INTEREST OF BOTH CONSUMERS AND PRODUCERS, NOT TO GRANT IMPORT RELIEF TO DOMESTIC PRODUCERS OF MUSHROOMS. HOWEVER, THE PRESIDENT ORDERED THE CONTINUED MONITORING OF MUSHROOM IMPORTS AND DOMESTIC MARKET CONDITIONS. THIS IS THE PRESIDENT'S FIRST DECISION ON AN "ESCAPE CLAUSE" CASE UNDER THE TRADE ACT OF 1974.

THESE ACTIONS WERE BASED ON AN INTERAGENCY EXECUTIVE BRANCH REVIEW OF A REPORT FROM THE USITC, WHICH RECOMMENDED A FIVE-YEAR TARIFF-RATE QUOTA ON IMPORTS OF CANNED

MUSHROOMS. THE USITC RECOMMENDED THIS REMEDY AFTER FINDING INJURY TO THE DOMESTIC INDUSTRY SUBSTANTIALLY CAUSED BY IMPORTS. THE INTERAGENCY REVIEW, CHAIRED BY THE OFFICE OF THE SPECIAL REPRESENTATIVE FOR TRADE NEGOTIATIONS (STR), CONSIDERED THE USITC REPORT FROM OVER-ALL NATIONAL ECONOMIC INTEREST CRITERIA UNDER THE TRADE ACT.

THE PRESIDENT DETERMINED THAT A REMEDY INVOLVING IMPORT RESTRAINTS WOULD FURTHER AGGRAVATE RECENT SHARP INCREASES IN THE PRICE OF CANNED MUSHROOMS TO U.S. CONSUMERS.

IN ITS REPORT TO THE PRESIDENT, THE USITC REPORTED THAT THE U.S. MUSHROOM INDUSTRY IS CURRENTLY EXPERIENCING HIGHER SALES AND PRODUCTION; INCREASED PRICES FOR MUSHROOMS; AND IMPROVED PROFITS.

THE PRESIDENT NOTED THAT THE EUROPEAN COMMUNITY (EC)
UNCLASSIFIED

UNCLASSIFIED

PAGE 03 STATE 055171

RECENTLY RELAXED IMPORT RESTRICTIONS ON MUSHROOMS. THIS SHOULD REDUCE IMPORT PRESSURES IN THE U.S. MARKET.

EMPLOYMENT IN DOMESTIC MUSHROOM CANNING PLANTS HAS DECLINED IN RECENT YEARS AND CURRENTLY IS ABOUT 1,200 WORKERS. THE PRESIDENT FOUND THAT IMPORT RESTRAINTS WOULD HAVE LITTLE BENEFICIAL EFFECT ON EMPLOYMENT IN DOMESTIC MUSHROOM CANNING PLANTS AND WOULD NOT JUSTIFY THE COSTS OF RELIEF.

IN SEPTEMBER 1976, AS A RESULT OF DRAMATIC INCREASES IN MUSHROOM IMPORTS IN JUNE THROUGH AUGUST 1976, PRESIDENT FORD DIRECTED THE SPECIAL REPRESENTATIVE FOR TRADE NEGOTIATIONS TO REQUEST THE USITC TO REOPEN AN EARLIER INVESTIGATION OF MUSHROOM IMPORTS UNDER SECTION 201 OF THE TRADE ACT OF 1974. THE COMMISSION REPORTED TO THE PRESIDENT THE RESULTS OF THIS INVESTIGATION ON JANUARY 10, 1977.

EXPEDITED ADJUSTMENT ASSISTANCE FOR MUSHROOM FIRMS AND WORKERS ALREADY IS AVAILABLE AND WILL CONTINUE TO BE AVAILABLE AS A RESULT OF A PRESIDENTIAL ORDER LAST MAY. IN MARCH 1976 THE USITC FOUND THAT THE MUSHROOM INDUSTRY HAD BEEN INJURED BY INCREASED IMPORTS AND RECOMMENDED PROVISION OF EXPEDITED ADJUSTMENT ASSISTANCE TO REMEDY THAT INJURY. PRESIDENT FORD SUBSEQUENTLY ACCEPTED THIS RECOMMENDATION.

THE DOMESTIC MUSHROOM INDUSTRY WILL BENEFIT FROM ASSURANCES RECEIVED LAST YEAR FROM THE REPUBLIC OF CHINA (TAIWAN) AND THE REPUBLIC OF KOREA TO MODERATE THEIR MUSHROOM EXPORTS TO THE UNITED STATES DURING THE 1976/77 MARKETING YEAR. THESE ASSURANCES WERE OBTAINED IN SEPTEMBER 1976 BY THE DEPUTY SPECIAL TRADE REPRESENTATIVE AT THE REQUEST OF PRESIDENT FORD.

UNCLASSIFIED

UNCLASSIFIED

PAGE 04 STATE 055171

THE REPUBLICS OF CHINA AND KOREA ARE THE PRINCIPAL SOURCES OF MUSHROOM EXPORTS TO THE UNITED STATES. IMPORTS OF MUSHROOMS IN THE 1975/76 MARKETING YEAR (JULY 1, 1975-JUNE 30, 1976) TOTALED 54.7 MILLION POUNDS AND WERE VALUED AT \$46.2 MILLION. THEY MADE UP 44 PERCENT OF DOMESTIC CONSUMPTION OF CANNED MUSHROOMS.

RECENT USITC DATA INDICATE THAT ABOUT 29 DOMESTIC FIRMS CAN MUSHROOMS, WITH ABOUT HALF OF THE FIRMS LOCATED IN PENNSYLVANIA. MUSHROOMS ARE GROWN BY ABOUT 500 GROWERS.

PRESIDENT CARTER HAS ASKED THE USITC TO PUBLISH QUARTERLY REPORTS ON MUSHROOM IMPORTS; DOMESTIC PRODUCERS' PRODUCTION, SALES, AND STOCKS; AND U.S. CONSUMPTION. STR WILL CONTINUE TO MONITOR IMPORTS OF CANNED MUSHROOMS ON A WEEKLY BASIS.

THE PRESIDENT HAS DIRECTED THE STR TO SEEK CONSULTATIONS WITH THE GOVERNMENTS OF THE REPUBLICS OF CHINA AND/OR KOREA IN THE EVENT THAT DISRUPTION SHOULD OCCUR DUE TO FOREIGN EXPORTS. HE HAS INDICATED HIS CONCERN TO THESE GOVERNMENTS THROUGH THE STR THAT THEIR MUSHROOM EXPORTS NOT DISRUPT THE U.S. CANNED MUSHROOM MARKET. BOTH GOVERNMENTS HAVE GIVEN THEIR ASSURANCES THAT SUCH DISRUPTION WILL NOT OCCUR AND HAVE INDICATED THEIR WILLINGNESS TO CONSULT AND COOPERATE SHOULD PROBLEMS ARISE. END TEXT.

2. ACTION REQUESTED. US MISSION OECD PARIS INFORM OECD SECRETARIAT. US MISSION GENEVA NOTIFY THE GATT SECRETARIAT REQUESTING THAT THE CITED TEXT BE CIRCULATED

FOR THE INFORMATION OF THE CONTRACTING PARTIES.
VANCE

UNCLASSIFIED

NNN

Message Attributes

Automatic Decaptioning: X
Capture Date: 01-Jan-1994 12:00:00 am
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: MUSHROOMS, CANNERIES, TARIFFS, IMPORT QUOTAS
Control Number: n/a
Copy: SINGLE
Sent Date: 11-Mar-1977 12:00:00 am
Decaption Date: 01-Jan-1960 12:00:00 am
Decaption Note:
Disposition Action: n/a
Disposition Approved on Date:
Disposition Case Number: n/a
Disposition Comment:
Disposition Date: 01-Jan-1960 12:00:00 am
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1977STATE055171
Document Source: CORE
Document Unique ID: 00
Drafter: WTDIROLL:MH
Enclosure: n/a
Executive Order: N/A
Errors: N/A
Expiration:
Film Number: D770085-0346
Format: TEL
From: STATE
Handling Restrictions: n/a
Image Path:
ISecure: 1
Legacy Key: link1977/newtext/t19770367/aaaacgys.tel
Line Count: 172
Litigation Code IDs:
Litigation Codes:
Litigation History:
Locator: TEXT ON-LINE, ON MICROFILM
Message ID: cda124b9-c288-dd11-92da-001cc4696bcc
Office: ORIGIN EB
Original Classification: UNCLASSIFIED
Original Handling Restrictions: n/a
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 4
Previous Channel Indicators: n/a
Previous Classification: n/a
Previous Handling Restrictions: n/a
Reference: 77 STATE 310542
Retention: 0
Review Action: RELEASED, APPROVED
Review Content Flags:
Review Date: 28-Sep-2004 12:00:00 am
Review Event:
Review Exemptions: n/a
Review Media Identifier:
Review Release Date: n/a
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
SAS ID: 3129878
Secure: OPEN
Status: NATIVE
Subject: MUSHROOMS: PRESIDENT DETERMINES INCREASE IN DUTY NOT IN NATIONAL ECONOMIC INTEREST
TAGS: ETRD, TW, FR
To: TAIPEI SEOUL MULTIPLE
Type: TE
vdkgvwkey: odb://SAS/SAS.dbo.SAS_Docs/cda124b9-c288-dd11-92da-001cc4696bcc
Review Markings:
Margaret P. Grafeld
Declassified/Released
US Department of State
EO Systematic Review
22 May 2009
Markings: Margaret P. Grafeld Declassified/Released US Department of State EO Systematic Review 22 May 2009